

## Message Text

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ACTION EUR-12

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ICAE-00 CIAE-00 DODE-00 PM-05 H-01 INR-10 L-03  
NSAE-00 PA-01 SP-02 SS-15 ACDA-12 IO-13 EB-08  
NRC-05 OES-07 SOE-02 DOE-15 CEQ-01 /123 W  
-----011675 211514Z /53

O R 211325Z JUN 78  
FM AMEMBASSY THE HAGUE  
TO SECSTATE WASHDC IMMEDIATE 2837  
INFO AMEMBASSY BONN  
AMEMBASSY BRASILIA  
AMEMBASSY BRUSSELS  
AMEMBASSY LONDON  
AMEMBASSY VIENNA

C O N F I D E N T I A L SECTION 1 OF 3 THE HAGUE 3400

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E.O. 11652: XGDS-1  
TAGS: ENRG, MNUC, PARM, TECH, BR, GW, NL, UK  
SUBJECT: NON-PROLIFERATION: DUTCH GOVERNMENT DEFENDS URENCO  
DELIVERIES OF ENRICHED URANIUM TO BRAZIL

REF: A) THE HAGUE 3401, B) THE HAGUE 3318, C) THE HAGUE 311

SUMMARY: IN RESPONSE TO CONTINUING PRESSURES FROM PARLIAMENT,  
THE CABINET SENT A LETTER TO THE SECOND CHAMBER JUNE 20 TO  
EXPLAIN ITS ACTIVITIES AND POLICIES REGARDING THE URENCO/  
BRAZILIAN CONTRACT. THE LETTER EXPLAINS THAT BRITAIN AND  
GERMANY WERE NOT PREPARED TO MEET DUTCH DEMANDS FOR TIGHTER  
SAFEGUARDS AND THAT THE DUTCH GOVERNMENT IS PREPARED TO AUTHORIZE  
URENCO DELIVERIES OF ENRICHED URANIUM TO BRAZIL. PARLIAMENT  
WILL DEBATE THE ISSUE JUNE 27. CHRISTIAN DEMOCRATIC (CDA)  
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MEMBER OF PARLIAMENT VAN HOUWELINGEN, SPONSOR OF THE MOTION  
CALLING FOR TIGHTER SAFEGUARDS, SAID HE WAS DISAPPOINTED WITH  
THE DECISION BUT PROMISED THAT THE CDA PARLIAMENTARY GROUP WOULD  
STUDY THE GOVERNMENT'S ARGUMENTS CAREFULLY. WE HAVE BEEN TOLD  
THAT THE LETTER SHOULD BE CONSIDERED TO BE AN AUTHORITATIVE  
REVIEW OF DUTCH URENCO POLICIES AND THE VIEWS OF THEIR BRITISH  
AND GERMAN PARTNERS. GON EXPECTS PARLIAMENTARY DISAPPROVAL OF

ITS DECISION BUT IS PREPARED TO IGNORE THAT DISAPPROVAL. IT IS ANTICIPATED THAT COALITION MP'S WHO VOTE AGAINST THE GOVERNMENT ON THIS ISSUE NEXT WEEK WOULD SUPPORT IT ON ANY NO-CONFIDENCE RESOLUTION AND NO GOVERNMENT CRISIS IS ANTICIPATED. END SUMMARY.

1. IN A LONG LETTER SIGNED BY PRIME MINISTER VAN AGT, FOREIGN MINISTER VAN DER KLAUW AND ECONOMICS MINISTER VAN AARDENNE, AND ADDRESSED TO THE CHAIRMAN OF THE SECOND CHAMBER JUNE 20, GON SETS OUT ITS POSITION ON URENCO AND DELIVERIES OF ENRICHED URANIUM TO BRAZIL. THE FULL TEXT OF THE LETTER IS CONTAINED IN SEPTEL (REF A).

2. THE LETTER REVIEWS THE EFFORTS OF THE DUTCH GOVERNMENT WITH THE UK AND THE FRG TO NEGOTIATE ADDITIONAL SAFEGUARDS INTO THE URENCO CONTRACT IN RESPONSE TO THE VAN HOUWELINGEN MOTION. IT RECALLS THAT THOSE EFFORTS WERE MADE BY DIRECT REPRESENTATIONS AND AT INTERNATIONAL MEETINGS, INCLUDING THE APRIL EUROPEAN COUNCIL IN COPENHAGEN AND VAN DER KLAUW'S MEETING WITH HIS BRAZILIAN COUNTERPART DURING THE LATTER'S VISIT TO GERMANY. THE LETTER DESCRIBES BRITISH AND GERMAN REACTIONS TO THE DUTCH EFFORTS; WHILE THEY FAVOR NON-PROLIFERATION AND PREFER A NON-DISCRIMINATING GLOBAL SYSTEM UNDER IAEA SAFEGUARDS, THE URENCO PARTNERS ARE WILLING, IF NECESSARY, TO ACCEPT AN AD HOC SAFEGUARD SYSTEM GOVERNING THE DELIVERIES TO BRAZIL. US INTERESTS IN THIS MATTER ARE MENTIONED IN THE LETTER AND VAN DER CONFIDENTIAL

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KLAUW'S DISCUSSION IN APRIL WITH "HIS AMERICAN OPPOSITE NUMBER AND OFFICIALS CONCERNED WITH NUCLEAR POLICY" IS NOTED. THE LETTER GOES ON TO STATE THAT "THE AMERICAN SIDE UNDERScoreD THE IMPORTANCE OF MAINTAINING THE TRIPARTITE URENCO COOPERATION AS AN EXAMPLE OF THE GREATLY DESIRED MULTINATIONAL COOPERATION IN THE FIELD OF NUCLEAR ENERGY AND CONTINUED NETHERLANDS PARTICIPATION THEREIN--IN ANY WAY WHATEVER--IN THE INTEREST OF NON-PROLIFERATION OF NUCLEAR WEAPONS."

3. THE LETTER GOES ON TO STATE THAT THE BRITISH AND GERMAN PARTNERS RECOGNIZED THE DESIRABILITY OF CONTINUED TRILATERAL COOPERATION IN URENCO BUT THEY MADE CLEAR TO THE DUTCH THAT, IF THE NETHERLANDS COULD NOT COOPERATE, THE OTHER TWO COUNTRIES WOULD PROCEED TO CARRY OUT THE CONTRACT WITHOUT THE DUTCH. GIVEN THIS POSITION, THE GON HAS DECIDED THAT, IN ORDER TO REMAIN INVOLVED IN NON-PROLIFERATION MATTERS BY MEANS OF URENCO COOPERATION, IT WOULD BE NECESSARY TO ADOPT A LESS STRICT POSITION THAT IT HAD ADVOCATED IN JANUARY. IT HAS THEREFORE AGREED TO MAKE A DECLARATION AT THE EXCHANGE OF THE DIPLOMATIC NOTES FIXING THE CONDITIONS FOR THE SUPPLIES TO BRAZIL. THE DECLARATION STATES THAT THE FOUR GOVERNMENTS WILL PROMOTE THE ESTABLISHMENT OF AN IAEA PLUTONIUM STORAGE REGIME BASED ON

ARTICLE XIIA5 OF THE IAEA CONSTITUTION AND, IF SUCH A SYSTEM IS NOT AVAILABLE IN TIME, WILL SEEK TO ESTABLISH AN AD HOC REGIME NOT LATER THAN TWO YEARS BEFORE URENCO--SUPPLIED ENRICHED URANIUM CAN BE REPROCESSED IN BRAZIL.

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4. THE LETTER CONCLUDES BY DRAWING ATTENTION TO THE FRG-BRAZIL-IAEA SAFEGUARDS TRILATERAL AGREEMENT AND BY NOTING DISCUSSIONS WITH IAEA DIRECTOR GENERAL EKLUND AND THE ONGOING CONSULTATIONS IN INFCE. THE GON CONCLUDES THAT, ALTHOUGH THESE DISCUSSIONS DO NOT GUARANTEE IMPLEMENTATION OF THE SECOND CHAMBER'S RESOLUTION TO THE LETTER, THE SPIRIT OF THAT RESOLUTION HAS BEEN MET AND THAT FROM THESE MEASURES SUFFICIENT GUARANTEES EXIST OR WILL EXIST THAT URANIUM SUPPLIED TO BRAZIL WILL NOT BE USED FOR OTHER THAN PEACEFUL PURPOSES.

5. REACTION: VAN HOUWELINGEN ISSUED A STATEMENT SAYING THAT HE WAS DISAPPOINTED THAT THE GOALS SET FORTH IN HIS MOTION CALLING FOR A PLUTONIUM STORAGE REGIME BEFORE DELIVERIES ARE COMMENCED TO BRAZIL COULD NOT BE REALIZED. HE SAID THE CDA WOULD CONSULT REGARDING HOW THE STATEMENTS IN THE LETTER

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DEVIATED FROM GOVERNMENT STATEMENTS DURING DISCUSSIONS IN THE CHAMBER AND THAT HE EXPECTED A FULL AND CONSCIENTIOUS WEIGHING BY THE GOVERNMENT OF ALL ASPECTS OF THE QUESTION. PRESS REACTION HAS BEEN MIXED. THE INFLUENTIAL "NRC HANDELSBLAD" SAID THAT THE INTERPRETATIVE DECLARATION FROM THE BRITISH AND THE GERMANS IS THE OPTIMUM WHICH WAS OBTAINABLE BY THE GON. IT URGES SUPPORT FOR THE GOVERNMENT AND ARGUES THAT STICKING WITH THE VAN HOUWELINGEN MOTION WOULD HAVE INEVITABLY SPELLED THE END OF URENCO. THE LEFT-WING "HET VRIJE VOLK" SAID THE CRUCIAL QUESTION WOULD BE THE REACTION OF CDA FLOOR LEADER AANTJES, WHO MUST DECIDE WHETHER TO STICK WITH HIS PRINCIPLES OR TO FIGHT FOR THE VAN AGT CABINET. THE LEFT-WING "VOLKSKRANT" SAID IT WOULD BE NAIVE TO BELIEVE THAT THE INTERPRETATION ADOPTED BY THE THREE GOVERNMENTS WOULD PREVENT PROLIFERATION.

6. AN MFA WORKING-LEVEL OFFICIAL (VAN GALEN LAST, CHIEF OF THE NUCLEAR AFFAIRS OFFICE IN THE DIRECTORATE FOR SCIENTIFIC COOPERATION) HAS GIVEN US THE FOLLOWING BACKGROUND REGARDING THE PRIME MINISTER'S LETTER. HE SAID IT SHOULD BE SEEN AS A COMPLETE AND THOROUGH REVIEW OF THE ACTIVITIES AND VIEWS OF THE DUTCH GOVERNMENT REGARDING URENCO DEVELOPMENTS OF THE PAST SIX MONTHS. VAN GALEN LAST SAID IT WAS OBVIOUS FROM THE BEGINNING THAT IT WAS NOT POSSIBLE TO GET ANY MEANINGFUL IMPROVEMENT IN THE URENCO/BRAZILIAN CONTRACT WHICH WOULD SATISFY CDA DESIRES. HE CONFIRMED THAT BOTH THE BRITISH AND THE GERMANS HAD STRESSED TO THE DUTCH THE IMPORTANCE OF CONTINUING TRILATERAL COOPERATION IN URENCO--THE BRITISH BECAUSE THEY ARE BASICALLY VERY INTERESTED IN SUCH COOPERATION AND THE GERMANS BECAUSE THEY WERE AWARE THAT A URENCO BREAKUP WOULD AID THOSE CRITICS WHO CLAIM THE GERMANS DO NOT SUPPORT NON-PROLIFERATION. NEVERTHELESS, NEITHER PARTNER WAS READY TO JEOPARDIZE THE BRAZILIAN CONTRACT. FOR ITS PART, BRAZIL

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REMAINED FIRM THROUGHOUT THE NEGOTIATIONS AND WAS NOT WILLING TO ACCEPT ANY AMENDMENT TO THE CONTRACT WHICH WOULD DELAY DELIVERY OF THE ENRICHED URANIUM.

7. MANY CDA MEMBERS OF PARLIAMENT ARE NOW MUCH MORE AWARE OF THE COMPLEXITIES OF THE URENCO MATTER THAN THEY WERE PREVIOUSLY, ACCORDING TO VAN GALEN LAST. MANY HAD THOUGHT THERE WAS A GENUINE CHANCE OF RENEGOTIATING THE BRAZILIAN CONTRACT AND ONE PURPOSE OF THE PRIME MINISTER'S LETTER IS TO CONFIRM TO THEM

THAT SUCH A POSSIBILITY DOES NOT EXIST. IN ADDITION, THERE ARE 10-12 CDA MEMBERS WHO WILL OBJECT, IN ANY CASE, TO BRAZILIAN DELIVERIES. THESE MEMBERS INCLUDE THOSE WHO OBJECT IN PRINCIPLE TO NUCLEAR POWER AND THOSE WHO FAVOR BREAKING THE CONTRACT BECAUSE OF BRAZIL'S ALLEGEDLY POOR RECORD IN HUMAN RIGHTS. VAN AGT AND VAN DER KLAUW UNDERSTAND THAT THEY CANNOT SATISFY THE OBJECTIONS OF THESE MEMBERS WITH ANY LETTER OR ANY EXPLANATIONS.

8. VAN GALEN LAST SAID IT IS THE VIEW OF MOST MFA OFFICIALS THAT THE GOVERNMENT POSITION SET FORTH IN THE LETTER WILL NOT

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BE ACCEPTED BY THE MAJORITY IN PARLIAMENT AND THAT A RESOLUTION EXPRESSING DISAPPROVAL OF THE GOVERNMENT'S DECISION WILL BE ADOPTED BY THE SECOND CHAMBER NEXT WEEK. IF THAT HAPPENS, THE PRESENT PLAN IS FOR THE GOVERNMENT TO IGNORE THAT DISAPPROVAL. IT IS THEN EXPECTED THAT A RESOLUTION OF NO-CONFIDENCE WILL BE OFFERED BY THE OPPOSITION BUT THAT THE CDA MEMBERS WHO JOINED IN THE VOTE OF DISAPPROVAL OF THE GOVERNMENT'S URENCO POLICY WILL SUPPORT THE GOVERNMENT AND THE NO-CONFIDENCE

RESOLUTION WILL FAIL.

9. COMMENT: IT APPEARS FROM THE GOVERNMENT'S LETTER THAT GON IS NOW READY TO FACE PARLIAMENT AND TO SAY IT CANNOT MEET THE REQUIREMENTS OF THE VAN HOUWELINGEN MOTION. IF THE SCENARIO DESCRIBED BY VAN GALEN LAST IS ACCURATE, IT ALSO APPEARS THAT GON IS NOW READY TO ACCEPT THE CHAMBER'S DISAPPROVAL AND GO ON  
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TO THE NEXT ORDER OF BUSINESS. IN THE CASE OF URENCO, THAT WILL BE TO EXCHANGE NOTES (ISSUING THE INTERPRETATIVE DECLARATION AT THE SAME TIME), TO AWAIT THE RESULTS OF INFCE, AND TO COMMENCE THE PREPARATION OF AN AD HOC STORAGE REGIME WHICH WILL, AMONG OTHER THINGS, MAKE USE OF THE TRILATERAL SAFEGUARD AGREEMENT AMONG FRG, BRAZIL AND THE IAEA. HOWEVER, THE POSSIBILITY REMAINS THAT GON HAS MISREAD THE DEPTH OF FEELING IN THE CHAMBER ON THIS QUESTION AND THAT SERIOUS DIFFICULTIES LIE AHEAD. NEGOTIATIONS AND DISCUSSIONS WITHIN PARTIES, BETWEEN PARTIES AND BETWEEN THE PARLIAMENT AND THE GOVERNMENT OVER THE NEXT SEVERAL DAYS WILL DETERMINE HOW THE CHAMBER DEBATE WILL GO.  
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## Message Attributes

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